

CHAPTER 80-2-7

CREDIT UNION SERVICE CONTRACTS

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80-2-7-.01 Definitions.

(1) Definitions:

(a) "Credit Union Service Contract" shall mean a contract executed by a credit union and a third party servicer to provide credit union services to the credit union.

(b) "Direct Credit Union Services" shall include traditional banking type functions such as taking deposits, paying checks and closing loans. When these services are provided by another financial institution, the agency rules in Rule 80-1-2-.01 thru .04 shall apply.

(c) "Indirect Credit Union Services" are those back office, support or enhancement type operations potentially provided by third parties, including but not limited to check and deposit sorting and posting; electronic and video systems for recording credit union transactions; computation and posting of interest and other credits and charges; preparation and marking of share drafts, statements, notices and similar items, bill payment and other services requested by members which are provided by the credit union through a third party; servicing loans; or other clerical, bookkeeping, accounting, statistical, customer support or similar functions which may be performed by a credit union, whether performed on site or elsewhere, and regardless of the method of delivery.

(d) "Third party service provider" shall mean any provider of credit union services to a credit union.

Authority Ga. L. 1974, pp. 733, 904; O.C.G.A. §7-1-61.

80-2-7-.02 Contracts for Credit Union Services.

(1) A state chartered credit union that wishes to contract with a third party to provide direct or indirect credit union services shall within 30 days of execution of such contract, notify the department in writing and provide the following information:

(a) Name, address, and contact information for the service provider;

(b) List of services to be provided.

(2) A state chartered credit union contracting with a third party to provide credit union services must maintain the following information on file at the credit union and shall not execute a contract with a third party unless this information has been obtained:

(a) A copy of the contract under which the services are provided;

(b) A schedule of fees to be charged for each type of service to be performed;

(c) Written assurance from the third party service provider that:

1. The records of the credit union for which the services are to be performed will be subject to

examination and regulation by the department as if the records were maintained by the credit union on its own premises;

2. The records of the credit union in the service provider's possession shall be available to examiners promptly upon receipt of notice;

3. The department shall have the authority to periodically review the internal routine and controls of the service provider to ascertain that the operations are being conducted in a sound manner in keeping with generally accepted credit union procedures and industry standards;

(d) A listing of all reports and printouts which the service provider is offering the credit union and the time required, after receipt of notice of examination, to provide those reports in readable form to the examiners; and

(e) Evidence of financial stability to include a copy of the service provider's most recent audit and financial statement, both of which should be aged no more than 18 months. This is a continuous requirement.

(3) A state chartered credit union contracting with a third party service provider must employ good faith efforts to monitor the financial condition of the service provider and must notify the department immediately when it discovers or suspects that the service provider has experienced a net operating loss or is insolvent.

(4) For the purposes of this regulation, "net operating loss" shall mean that all operating income is less than the total of:

(a) All operating expenses;

(b) Other expenses, losses on sale of assets or investments, and any provisions established for losses on investments, loans or other assets.

Authority Ga. L. 1974, pp. 733, 904; O.C.G.A. §7-1-61.

80-2-7-.03 Repealed. Reserved.

Authority Ga. L. 1974, pp. 733, 904; O.C.G.A. §7-1-61.

80-2-7-.04 Debt Cancellation Contracts and Debt Suspension Agreements.

(1) State chartered credit unions may offer Debt Cancellation Contracts and Debt Suspension Agreements to customers. Credit unions will be subject to the Rule at 80-1-2-.09 and the policies and procedures of the department. Such policies include requirements for certain disclosures as well as prohibited practices. Credit unions are expected to comply with all of these requirements. Such products will not be considered insurance products in this state when offered by financial institutions.

Authority Ga. L. §7-1-61; §7-1-663.